

Small Businesses

Retailers

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Pour obtenir cette publication en français, veuillez communiquer avec votre bureau régional de la Taxe de vente au détail.

PURPOSE OF THIS GUIDE

This guide has been designed to assist owners of small retail businesses. It explains:

- how Retail Sales Tax works
- how retailers are expected to collect and pay the tax to the Retail Sales Tax Branch; and
- how retailers can obtain additional assistance and information from the Retail Sales Tax Branch.

SERVICE AND ASSISTANCE

Retailers are encouraged to contact their local Retail Sales Tax Office for advice and assistance.

Service representatives are available to visit you to discuss how tax applies. They will also try to solve any problems you may have with your tax accounting and remitting, and provide other information you may need.

VENDOR PERMITS

Every retailer selling taxable goods or taxable services must obtain a vendor permit from the local Retail Sales Tax Office.

- You cannot transfer your vendor permit to anyone else, nor can you use a permit issued to someone else.
- You must show your permit to anyone who requests to see it.
- For businesses with more than one location, you need only one vendor permit. You must keep a copy of the permit at each location.
- You must inform the Retail Sales Tax Branch:
 - if your business is sold, discontinued or incorporated, or if there is a partnership change
 - if you change the name or address of your business
 - if you open another location.

BUYING A BUSINESS

If you buy an existing business, you should protect yourself by getting a copy of the clearance certificate from the previous owner.

TOBACCO PRODUCTS

It is your responsibility to make sure that your tobacco supplier holds a valid wholesale dealers permit issued by the Motor Fuels and Tobacco Tax Branch, Ministry of Revenue.

RESPONSIBILITIES

As a holder of a retail sales tax vendor permit, you are required to:

- collect sales tax on all taxable items including tobacco products, and hold the tax in trust until you pay it to the Treasurer of Ontario
- file completed tax returns with your tax payments **to reach us by the due date** shown on the front of the return. Return cards are mailed to you about 3 weeks prior to the due date
- pay tax on taxable items taken out of inventory for own use or given away free
- give your supplier a correctly completed and signed Purchase Exemption Certificate when you buy taxable items for resale.

Please note that:

- failure to collect the correct amount of tax is an offence. You are responsible for the payment of any tax not collected from your customers
- failure to remit the tax collected by the due date is an offence. You must remit all taxes charged even though you may not have received payment yet from your customers. You are subject to a penalty plus interest charges and will lose your compensation
- taxes collected from your customers are **trust funds** which belong to the Province of Ontario and **must be paid to the Treasurer of Ontario on time**. These funds must not be withheld, or used to finance your business or to pay other creditors.

HOW TO REMIT RETAIL SALES TAX

At Banks and most other financial institutions: Payment may be made free of charge by the due date at any financial institution in Ontario where you maintain an account. Ensure that the return is stamped and the working copy returned to you for your records.

By Mail: You may mail your cheque with your return in the envelope provided. These **must reach us by the due date**. Be sure to retain the working copy of your return for your records.

At a Retail Sales Tax Office: All Retail Sales Tax Offices accept returns and payments.

No Sales or Tax: You are required to complete each tax return you receive even if you have no sales or tax to report. Financial institutions will not accept a return without a tax payment. You should mail your completed return in the envelope provided or deliver it to a Retail Sales Tax Office. In either case, the return must reach us on or before the due date.

COMPENSATION FOR COLLECTING AND REMITTING TAX

As shown in the instructions accompanying the return card, you can deduct certain amounts from your tax payments as compensation for collecting and remitting the tax.

You cannot deduct compensation if:

- the tax return does not reach us by the due date
- the tax return is not accompanied by full payment; or
- your cheque is not negotiable.

RECORDS

You must maintain records to show:

- sales
- tax charged on taxable sales including separate records of tire tax and, where applicable, gas-guzzler tax
- taxable items sold tax exempt; Purchase Exemption Certificates must support these sales (see guide 104 — Purchase Exemption Certificates)
- purchases
- taxes paid on taxable purchases
- that the tax charged was paid to the Treasurer of Ontario.

ADDITIONAL INFORMATION

The following Retail Sales Tax Guides may also be useful:

- 101 — How to Complete Your Tax Return
- 104 — Purchase Exemption Certificates
- 105 — Penalties
- 114 — Destruction of Records
- 146 — Discount Coupons
- 153 — Understanding Your Retail Sales Tax Audit.

These and other guides are available at any Retail Sales Tax Office.

The information in this publication is only a guideline. For more specific information, please consult the Retail Sales Tax Act or contact your local Retail Sales Tax Office listed in the blue pages of your telephone directory.

